

ELEVENTH SUPPLEMENTAL INDENTURE between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "County"), and **THE BANK OF NEW YORK**, a New York banking corporation, in its capacity as successor to AmSouth Bank of Alabama as Trustee under that certain Trust Indenture of the County dated as of February 1, 1997 (said Trust Indenture, in the form initially delivered, being herein called the "Original Indenture" and said banking corporation in such capacity, as well as any successor trustee under said Trust Indenture, being herein called the "Trustee"),

RECITALS

The County has heretofore entered into certain interest rate swap transactions that are hereinafter more specifically identified (such transactions being referred to herein collectively as the "Original Transactions"). Each of the Original Transactions has been designated as a Qualified Swap with respect to certain of the County's outstanding Parity Securities.

In order to improve the efficiency of the Original Transactions as hedges for the respective Parity Securities to which such transactions have been designated, the County is entering into certain additional interest rate swap transactions (herein called the "Supplemental Transactions"). The County and the Trustee are entering into the Eleventh Supplemental Indenture in order to (i) clarify the status of the Supplemental Transactions for purposes of the Indenture, (ii) provide for the use and expenditure of cash received by the County at the time of the closing of the Supplemental Transactions and (iii) provide for certain other changes to the Original Indenture deemed necessary or desirable by the County and not inconsistent with the terms thereof.

NOW, THEREFORE, THIS

ELEVENTH SUPPLEMENTAL INDENTURE

WITNESSETH:

It is hereby agreed between the County and the Trustee as follows:

Section 1. **New Definitions.** Unless the context clearly indicates a different meaning, the following words and phrases, as used in this Supplemental Indenture (or any Supplemental Indentures hereafter delivered), shall have the following respective meanings:

"Original Transactions" means the Original 2002-A Transaction, the Original 2002-C Transaction and the Original 2003-B Transaction.

"Original 2002-A Transaction" means the interest rate swap transaction heretofore designated as a Qualified Swap with respect to the Series 2002-A Warrants.

"Original 2002-C Transaction" means the interest rate swap transaction heretofore designated as a Qualified Swap with respect to the Series 2002-C Warrants.

"Original 2003-B Transaction" means the interest rate swap transaction heretofore designated as a Qualified Swap with respect to the Series 2003-B Warrants.

"Subordinate Debt Obligations" means any warrants, bonds or other debt instruments issued by the County and secured by the pledge of those Pledged Revenues that are pledged in Section 3 of this Supplemental Indenture.

"Supplemental Transactions" means the Supplemental 2002-A Transaction, the Supplemental 2002-C Transaction and the Supplemental 2003-B Transaction.

"Supplemental Transactions Fund" means the special fund created in Section 6 of this Supplemental Indenture.

"Supplemental Transactions Initial Payments" means those initial cash payments to be made to the County pursuant to the Supplemental Transactions on or prior to June 30, 2004.

"Supplemental 2002-A Transaction" means the interest rate swap transaction described in and evidenced by the transaction confirmation attached to this Supplemental Indenture as Exhibit A.

"Supplemental 2002-C Transaction" means the interest rate swap transaction described in and evidenced by the transaction confirmation attached to this Supplemental Indenture as Exhibit B.

"Supplemental 2003-B Transaction" means the interest rate swap transaction described in and evidenced by the transaction confirmations attached to this Supplemental Indenture as Exhibit C.

"Swap Termination Payments" means any payment due to be made by the County to a Qualified Swap Provider as a result or consequence of an early termination of a Qualified Swap.

Terms not otherwise defined herein shall have the meaning set forth in the Original Indenture (subject to any amendments thereto made herein or in earlier Supplemental Indentures). As used herein, the term "Indenture" means the Original Indenture, as supplemented and amended by this Supplemental Indenture and by the various Supplemental Indentures heretofore delivered by the County.

Section 2. **Amendment of Certain Definitions.** Notwithstanding anything to the contrary contained in the Original Indenture or any of the supplements thereto, the definitions of Qualified Basis Swap and Qualified Swap are hereby amended to read as follows:

"Qualified Basis Swap" means a Basis Swap that has been designated as, and that otherwise qualifies as, a Qualified Swap only pursuant to the provisions of subparagraph (B) of the definition of Qualified Swap. Any financial arrangement that is designated as, and qualifies as, a Qualified Swap pursuant to the provisions of subparagraph (A) of the definition of Qualified Swap will not constitute or be regarded as a Qualified Basis Swap for any purposes of the Indenture.

"Qualified Swap" means

(A) with respect to a series of Parity Securities or any portion thereof, any financial arrangement

(i) that is entered into by the County with an entity that is a Qualified Swap Provider at the time of the execution and delivery of the documents governing such arrangement;

(ii) that provides (a) that the County shall pay to such entity an amount based on the interest accruing at a fixed rate on a notional amount equal to all or a portion of the principal amount of the outstanding Parity Securities of such series, and that such entity shall pay to the County an amount based on the interest accruing on the same notional amount, at either a variable rate of interest or a fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by the Parity Securities), or that one shall pay to the other any net amount due under such arrangement, or (b) that the County shall pay to such entity an amount based on the interest accruing on a notional amount equal to all or a portion of the principal amount of the outstanding Parity Securities of such series at a variable rate of interest as set forth in the arrangement and that such entity shall pay to the County an amount based on interest accruing on the same notional amount at an agreed fixed rate, or that one shall pay to the other any net amount due under such arrangement; and

(iii) which has been designated in writing to the Trustee by the County as a Qualified Swap with respect to any of the Parity Securities, or

(B) any Basis Swap (x) that is entered into by the County with an entity that is a Qualified Swap Provider at the time of execution and delivery of the documents governing such transaction and (y) that has been designated in writing to the Trustee by the County as a Qualified Swap (provided, however, that any such designation may be made and deemed effective only if, immediately following the

making of such designation, the aggregate notional amount for all Qualified Basis Swaps is not greater than 50% of the aggregate principal amount of all Parity Securities then outstanding).

For purposes of subparagraph (A) of the preceding paragraph, if the County enters into multiple financial arrangements (each with a Qualified Swap Provider) and the net payments and receipts by the County from such transactions, when considered on a combined basis, satisfy the requirements of either (ii)(a) or (ii)(b) of such subparagraph (A), then the County may, if it obtains the written consent of the Bond Insurers to such action, designate such transactions to the Trustee on a combined basis as a Qualified Swap with respect to any of the Parity Securities, with the result that each such financial arrangement shall be a Qualified Swap for purposes of the Indenture and such transactions, when considered on a combined basis, shall be treated as a single Qualified Swap for purposes of calculating Maximum Annual Debt Service. In any instance in which multiple transactions are designated on a combined basis as a Qualified Swap in accordance with the preceding sentence, if one of such transactions is terminated prior to the termination of the other component of such combined Qualified Swap, then the transaction that remains in effect will constitute a Qualified Swap, from and after the date of such termination, if and only if such remaining transaction independently satisfies, at the time of such termination, the requirements of the Indenture for designation as a Qualified Swap.

In addition to the foregoing requirements, no agreement that documents a financial arrangement designated as a Qualified Swap (or as a component of a Qualified Swap) may contain a provision that allows for early termination of such financial arrangement, other than at the option of the County, as a consequence of events relating solely to the credit of the related Qualified Swap Provider.

Section 3. Subordinate Pledge. In order to secure the payment of Swap Termination Payments and the principal of and the interest and premium (if any) on any Subordinate Debt Obligations, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the Trust Estate, provided that the pledge hereby made is in all respects subject and subordinate to the pledge made in Section 2.1 of the Original Indenture. In no event shall the pledge hereby made be construed, applied or enforced in a manner that diminishes or otherwise adversely affects the security provided for the Holders of the Parity Securities by the pledge made in Section 2.1 of the Original Indenture.

Section 4. Amendments Related to Subordinate Pledge. The following sections set forth in the Original Indenture are hereby amended as follows:

(a) Section 11.1 of the Original Indenture is hereby amended by changing the second paragraph of such section to read as follows:

On or before the last Business Day of each calendar month, the County will apply the moneys in the Revenue Account for the payment of all Operating Expenses

that are then due and that were incurred during the then-current or in any then-preceding calendar month. On or before the various dates specified in Sections 11.2 through 11.5 of the Original Indenture and Section 5.8 of the Fifth Supplemental Indenture, the County will apply the moneys in the Revenue Account that remain after payment of Operating Expenses for payment into the Debt Service Fund, the Reserve Fund, the Subordinate Debt Fund, the Rate Stabilization Fund and the Depreciation Fund, in the order named, in such amounts as are required by the Indenture to be paid therein on or before the pertinent dates specified in the aforesaid sections, to the respective extents provided in such sections and to the extent that moneys on deposit in the Revenue Account are sufficient therefor; provided, however, that if on any such date on which moneys would otherwise be deposited in the Subordinate Debt Fund no Subordinate Debt Obligations are outstanding, the County shall apply, or shall cause the Trustee to apply, moneys in the Revenue Account, in an amount up to the maximum amount that could otherwise have been deposited in the Subordinate Debt Fund, for the direct payment, to the Persons entitled thereto, of any Swap Termination Payments then due and payable. If at any such time more than one Swap Termination Payment is then due and payable, such Swap Termination Payments shall be payable from such available moneys on a *pari passu* basis.

(b) Section 11.6 of the Original Indenture is hereby amended by changing the first paragraph of such section to read as follows:

After making the transfers and payments required by Sections 11.1 through 11.5 of the Original Indenture and Section 5.8 of the Fifth Supplemental Indenture, and after making good any delinquency or deficit existing in the Debt Service Fund or the Reserve Fund by reason of withdrawals therefrom or the failure during any prior period to pay the amounts respectively required to be paid with respect thereto by the provisions of Sections 11.2 and 11.3 of the Original Indenture, the balance remaining in the Revenue Account on each February 15 and each August 15 shall be deemed "surplus revenues" and may be withdrawn from the Revenue Account by the County and used for any lawful purpose related to the County's ownership and operation of the System (subject, however, to the effect of the pledge of such moneys made in Section 3 of the Eleventh Supplemental Indenture).

(c) Section 13.3(b) of the Original Indenture is hereby amended by removing the paragraph thereunder entitled "Second" and replacing it with the following:

Second. The payment of the following obligations, if any, on a *pari passu* basis:

- (i) Swap Termination Payments then due and payable;
- and

(ii) the principal and interest then due and unpaid upon the Subordinate Debt Obligations, if any; and

Third. The surplus, if any, to the County or to whomsoever may be entitled thereto.

Section 5. Agreements Concerning Subordinate Debt Fund. (a) The County and the Trustee hereby agree (i) that Swap Termination Payments are obligations that may be secured by and paid from the Subordinate Debt Fund and (ii) that, for purposes of determining at any time the maximum amount that the County may pay or cause to be paid from the Revenue Account into such fund, the amount then owed with respect to any Swap Termination Payment shall be deemed to be the aggregate amount becoming due and payable with respect to such obligation during the then next succeeding six months.

(b) At any time when any Subordinate Debt Obligations are outstanding, the County will transfer, or cause to be transferred, from the Revenue Account to the Subordinate Debt Fund amounts to provide for the payment of debt service on such Subordinate Debt Obligations and any Swap Termination Payments that are due and payable, when and to the extent permitted by the provisions of the Indenture.

(c) At any time when any Subordinate Debt Obligations are outstanding, the County covenants and agrees to cause the Trustee to, and the Trustee hereby agrees that it shall, make disbursements from the Subordinate Debt Fund to pay Swap Termination Payments that are due and payable and debt service payments on Subordinate Debt Obligations as such payments become due; provided, however, that if on any February 15 or August 15 the amount held in the Subordinate Debt Fund is not sufficient to pay in full all of the obligations payable from such fund that are then due or that are scheduled to become due during the then next succeeding six months, then such available moneys shall be allocated among the respective obligations payable from such fund on a proportionate basis (based upon the respective amounts due to be paid on such obligations within such six month period beginning on and including such February 15 or August 15, as the case may be).

(d) The Trustee shall act as custodian and depository for the Subordinate Debt Fund. At all times when any Subordinate Debt Obligations are outstanding, such fund shall be regarded as an Indenture Fund and a component of the Trust Estate.

Section 6. Supplemental Transactions Fund. There is hereby created a special fund, the full name of which shall be the "Supplemental Transactions Initial Payments Fund," which fund shall contain three separate accounts, namely, the 2002-A Account, the 2002-C Account and the 2003-B Account. The Supplemental Transactions Fund shall be maintained as a separate fund until the moneys in said fund shall have been fully expended as hereinafter provided. The Trustee shall be the depository and disbursing agent for the Supplemental Transactions Fund and for each account forming a part thereof. For purposes hereof, the 2002-A Account shall be referable to the Supplemental 2002-A Transaction and the Series 2002-A Warrants, the 2002-C Account shall be

referable to the Supplemental 2002-C Transaction and the Series 2002-C Warrants and the 2003-B Account shall be referable to the Supplemental 2003-B Transaction and the Series 2003-B Warrants.

The County shall deposit into each account of the Supplemental Transactions Fund those Supplemental Transactions Initial Payments derived from the transaction to which such account is referable. The County shall apply the moneys held in each account of the Supplemental Transactions Fund only (a) to pay the costs of System Improvements or (b) to pay debt service becoming due on or before June 22, 2005, with respect to the Parity Securities to which such account is referable, to the extent that such payment is not already provided for from other sources. The President of the Governing Body or any Authorized County Representative is hereby authorized and directed to cause the said moneys to be applied from time to time for a permitted purpose by submitting to the Trustee requisitions signed by any one of said officers directing the payment of the items specified in said requisition. Pending the expenditure thereof, the moneys in the Supplemental Transactions Fund may be invested, pursuant to the County's instructions, in Eligible Investments at a yield (taking into account the effect of any yield reduction payments to the Internal Revenue Service) not exceeding the yield on the Parity Securities to which such moneys are referable. The Trustee has no responsibility for making yield computations or otherwise determining whether or not the County is in compliance with the requirements of the preceding sentence.

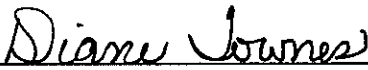
Section 7. **Severability.** In the event any provision hereof is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, the County has caused this Eleventh Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused Eleventh Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Eleventh Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Eleventh Supplemental Indenture to be attested, by its duly authorized officers, all in six (6) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Eleventh Supplemental Indenture to be dated as of May 1, 2004, although actually executed and delivered on June 22, 2004.

JEFFERSON COUNTY, ALABAMA

By 
President of the County Commission


ATTEST:


Minute Clerk of the
County Commission

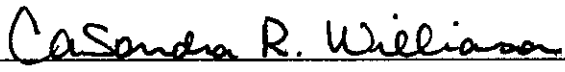
[SEAL]

THE BANK OF NEW YORK, as Successor Trustee
under the Trust Indenture of Jefferson County,
Alabama, dated as of February 1, 1997

By: The Bank of New York Trust Company, N.A.,
its Agent

By 
Its Assistant Vice President

ATTEST:


Its Assistant Treasurer

[SEAL]

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that LARRY LANGFORD, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said county.

GIVEN under my hand and official seal of office, this 22nd day of June, 2004.

[NOTARIAL SEAL]

Maurice McDermott
Notary Public

My Commission Expires: 7-24-04

STATE OF ALABAMA)
 :
JEFFERSON COUNTY)

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Christopher S. Rearden, whose name as Assistant Vice President of THE BANK OF NEW YORK TRUST COMPANY, N.A., a national banking association acting as agent for THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking association in its capacity as Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 22nd day of June, 2004.

[NOTARIAL SEAL]

Maurice McDermott
Notary Public

My Commission Expires: 7-24-04

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